THAMESPORT (LONDON) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

(Registered number 2191687)

31 December 2021

Thamesport (London) Limited

Strategic report for the financial year ended 31 December 2021

The directors present their Strategic report for the financial year ended 31 December 2021.

Fair review of the business

The increase in revenue is a direct result of the increase in the port usage services provided to the company's immediate parent company. Whilst the core business remains container operations the company will aim to continue diversification with multiple customers on long-term rental agreements securing long-term revenues.

The directors recognise that the evolving business environment in 2022 is challenging. The risk presented by coronavirus is outlined in the Directors' report.

The company is a subsidiary of Hutchison Ports (UK) Limited ("HPUK"). Much of the management of the company is carried out by HPUK on behalf of the wider HPUK group.

Principal risks and uncertainties

The principal risks and uncertainties of the company have been addressed in the Directors' report.

Key performance indicators

The company uses a wide range of performance measures to monitor progress and ensure targets are met. The following is a summary of the key performance indicators for 2021, with historical comparisons:

Core financial measures include revenue (increase in 2021 over 2020), gross profit margin (decrease in 2021 over 2020) and operating profit margin (decrease in 2021 over 2020).

Business environment

UK ports play a vital role in the UK economy with around 95% of all import and export tonnage being transported by sea. The Department for Transport confirmed that in 2020 UK ports handled over 438 million tonnes of freight, a decrease of 9% compared to the prior year. All UK major ports saw a decline in unitised traffic, consisting of roll-on/roll-off (Ro-Ro) and lift-on/lift-off (Lo-lo) categories, of varying magnitudes.

2021 saw global supply chains jolted by pandemic-driven changes in operations. Container ports around the world have been dealing with backlogs. In March 2021 the Suez Canal was blocked by the Ever Given, causing delays in vessels followed by a surge in volumes once the vessel was freed. In addition, 2021 saw continued coronavirus outbreaks in manufacturing hubs and ports. Vessel scheduling disrupted by port congestion, making planning difficult coupled with a shortage of HGV drivers increasing container dwell times.

Coronavirus has had a wide impact on UK society and economic activity since March 2020, with the nationwide lockdowns and self-isolation measures impacting unitised traffic. The impact of coronavirus on the company has been addressed in more detail in the Directors' report.

Thamesport (London) Limited

Strategic report for the financial year ended 31 December 2021

From 1 January 2021, the free movement of people and goods and services between the UK and the EU ended. The UK and the EU agreed no tax would be levied on goods when they cross borders and no limit on the amount of things that can be traded. However, traders in England, Wales and Scotland would need to make customs declarations. Physical checks for food products and pre-notification for agricultural products will be required from July 2022.

Although Brexit continues to create uncertainty in the market, and the wider UK economy, the company is well placed to provide the additional facilities and services that may be required. London Thamesport along with Harwich International Port and the Port of Felixstowe successfully received funding from the Port Infrastructure Fund. The fund supports the build of the necessary infrastructure and facilities to enable customs and sanitary/phytosanitary checks to be carried out at ports following the end of the transition period.

The Government's Maritime 2050 strategy of January 2019 sets out the government's vision and ambitions for the future of the British maritime sector and shares the company's ambition to recognise the UK's strengths and capitalise on them. The company will continue to work with the UK government to ensure it leads in delivering the vision through the promotion of coastal clusters and the creation of a strong business environment for ports to thrive, boosting trade and driving the national economy.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard, amongst other matters, to:

Section 172(1)(a) - the likely consequences of any decision in the long term

In reaching their principal decisions the directors consider the long term impacts, both on the company and any wider repercussions. For example, the potential beneficial impact on the environment of switching from diesel to electric power for plant and equipment, and the advantage to employees of wider use of remote controlled equipment;

Section 172(1)(b) - the interests of the company's employees

The directors appreciate that each employee contributes to the success of the company. The Coronavirus Steering Group continues to ensure that operations are conducted in as safe an environment as possible. On site clinics have been set up to offer COVID-19 and flu vaccinations to employees. During the year an Employee Assistance Programme was introduced to provide health and wellbeing support to employees and their household members. Regular dialogue and consultations take place with employees on a variety of matters of interest. During the year all employees had the opportunity to take part in a survey, which had a participation rate of over 50%;

Section 172(1)(c) - the need to foster the company's business relationships with suppliers, customers and others

The company's management is in constant contact with its customers. Significant decisions, such as decisions around berth redevelopment take into consideration customer requirements, for example deepening of berths and heightening of cranes. The company engages widely with suppliers both when tendering for services and during the life cycle of contracts. Additionally, the company engages with other port users and its local community. During the year the company held ongoing discussions with customers, the Government and government agencies to ensure it was prepared for the end of the Brexit transition period;

Section 172(1)(d) - the impact of the company's operations on the community and the environment

The directors acknowledge the corporate social responsibilities of the company. The company engages with its local and the wider community. The HPUK Environment Committee, now renamed the HPUK Sustainability Committee, leads the company's review of key aspects of environmental, social and governance policy across the business;

Thamesport (London) Limited

Strategic report for the financial year ended 31 December 2021

Section 172(1)(e) - the desirability of the company maintaining a reputation for high standards of business conduct

The company delegates certain responsibilities to a number of committees, including the HPUK Sustainability Committee, Executive Health and Safety Committee and Anti-Bribery and Anti-Corruption Steering Committee, to ensure a high standard of operational conduct. Directors and relevant employees participate in training in these areas, with policies and training modules open to all employees. The company also actively encourages an inclusive and diverse workforce, with an active Women's Network to help promote gender equality; and

Section 172(1)(f) - the need to act fairly as between members of the company

Whilst most companies within the group are wholly-owned subsidiaries the directors are conscious of the need to consider the interests of minority shareholders and joint venture partners.

In discharging their section 172 duties the directors have regard to the factors set out above. The directors also have regard to other factors which are considered relevant to the decision being made. Those factors, for example, will include the interests and views of relevant government departments and agencies, of representative bodies of local communities and industry trade associations. The directors acknowledge that every decision will not necessarily result in a positive outcome for all stakeholders. By considering the company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, the directors aim to make sure that decisions are consistent, predictable and fair.

As is normal for a company within a large multinational group, authority is delegated for the day-to-day management of the company to executives, who in turn engage management in setting, approving and overseeing execution of the business strategy and related policies.

Approved by the Board on 9 June 2022 and signed by its order:

S. R. Mullett

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Mr Simon Richard Mullett
Company secretary

Registered number
2191687

Registered Office
Tomline House
The Dock
Felixstowe
Suffolk
IP11 3SY

Thamesport (London) Limited

Directors' report for the financial year ended 31 December 2021

The directors submit to the sole shareholder their report and audited financial statements for the financial year ended 31 December 2021.

Principal activities
The principal activity of the company is the management and operation of London Thamesport and associated services.

Company information
Details regarding the company can be found in note 1 to the financial statements. Details regarding parent and ultimate parent entities can be found in note 19 to the financial statements.

Results and Dividends

The Income statement is set out on page 10 and shows the profit for the financial year ended 31 December 2021. The directors do not propose a final dividend for the financial year ended 31 December 2021 (2020 : £nil).

Charitable donations
No charitable donations were made during the financial year (2020: £nil).

Directors of the company
The following served as directors during the financial year and up to the date of signing of the financial statements:

Ms Edith Shih

Mr Sing Chi Ip

Mr Clemence Chun Fun Cheng

Mr Andrew Steven Lawrence

Mr Francis Christopher Lewis (resigned on 31 December 2021)

Mr Simon Richard Mullett

Mr Christian Nicolas Roger Salbaing

Directors' liabilities
The company maintains directors' and officers' liability insurance which provides insurance cover against liabilities directors and other officers of the company may incur personally in their capacity as directors and officers. The qualifying third party indemnity provision was in force during the financial year and also at the date of approval of the financial statements.

Principal risks and uncertainties
Business risks are considered regularly. Any changes in the business, economy or regulatory environment are monitored and reviewed by management. The key financial risks are set out in note 3 to the financial statements.

Risks identified by the management of the HPUK group include the reliance on a small number of customers for a substantial proportion of business, the impact of technology, cyber-security risks and the impact on the environment of operations. The HPUK group seeks to mitigate these risks by maintaining a broad customer base as a common-user operator, upgrading and developing equipment and systems, and seeking and implementing suitable technology and behaviours.

Directors' report for the financial year ended 31 December 2021

Coronavirus (COVID-19)
The directors acknowledge the unprecedented continued impact of COVID-19 in the UK and across the world. This pandemic has continued to create significant risks and challenges and the trading environment has remained challenging. However, during 2021, there was no significant operational or financial impact and it is anticipated this will continue through 2022. This is in part due to the significant effort to implement contingency plans which have been continually reviewed and updated and the support of these plans by employees. The company will continue to focus on its key strengths of resilience and financial prudence to minimise the risks and safeguard its assets and business. As throughout the pandemic the company continues to seek to minimise risks and impacts on employees, customers and port users.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations
In the case of each director in office at the date the Directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Thamesport (London) Limited

Directors' report for the financial year ended 31 December 2021

Approved by the Board on 9 June 2022 and signed by its order:

S. R. Mullett

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Mr Simon Richard Mullett
Company secretary

Registered number
2191687

Registered Office
Tomline House
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Felixstowe
Suffolk
IP11 3SY

Independent auditors' report to the members of Thamesport (London) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Thamesport (London) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' report and financial statements (the "Annual Report"), which comprise: statement of financial position as at 31 December 2021; the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of Thamesport (London) Limited (continued)

Reporting on other information (continued)

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to manipulation of results through manual journals or management bias in judgemental areas. Audit procedures performed by the engagement team included:

- Discussions with management which have included consideration of known or suspected instances of non-compliance with laws and regulation and fraud
- Identifying and testing of manual journal entries based on risk criteria such as unusual account combinations
- Review of key judgements and provisions
- Review of the latest internal audit reports available
- Incorporating elements of unpredictability into our audit approach

Independent auditors' report to the members of Thamesport (London) Limited (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

David Beer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Watford
27 June 2022

Thamesport (London) Limited

Income statement for the financial year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Revenue		7,658	6,985
Cost of sales		(6,508)	(5,688)
Gross profit		1,150	1,297
Administrative expenses		(661)	(804)
Other operating income		13	13
Operating profit	6	502	506
Finance costs	7	(2)	(6)
Profit before tax		500	500
Income tax expense	9	(480)	(209)
Profit for the financial year		20	291

The Income statement has been prepared on the basis that all operations are continuing.

The notes on pages 15 to 36 form an integral part of these financial statements.

Thamesport (London) Limited

Statement of comprehensive income for the financial year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Profit for the financial year		20	291
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss			
Actuarial gains/(losses) on defined benefit pension schemes	18	5,249	(3,254)
Movement on current tax relating to pension scheme		-	93
Movement on deferred tax relating to pension scheme	14	(1,062)	525
Movement on deferred tax relating to change in UK tax rate	14	438	203
Total other comprehensive income/(expense) for the financial year		4,625	(2,433)
Total comprehensive income/(expense) for the financial year		4,645	(2,142)

The notes on pages 15 to 36 form an integral part of these financial statements.

Thamesport (London) Limited

Statement of financial position as at 31 December 2021

	Note	2021 £ 000	2020 £ 000
Assets			
Non-current assets			
Deferred tax assets	14	412	1,505
		412	1,505
Current assets			
Inventories	10	98	148
Other receivables	11	4,006	5,462
Cash and cash equivalents	12	1,348	-
		5,452	5,610
Total assets		5,864	7,115
Equity and liabilities			
Equity			
Share capital	15	-	-
Retained earnings/(Accumulated losses)	16	1,316	(3,329)
Total equity		1,316	(3,329)
Non-current liabilities			
Retirement benefit obligations	18	2,130	7,875
		2,130	7,875
Current liabilities			
Trade and other payables	13	2,407	2,433
Loans and borrowings	12	-	124
Current tax payable		11	12
		2,418	2,569
Total liabilities		4,548	10,444
Total equity and liabilities		5,864	7,115

The notes on pages 15 to 36 form an integral part of these financial statements.

The financial statements on pages 10 to 36 were approved by the Board of Directors on 9 June 2022 and signed on its behalf by:

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Mr Clemence Chun Fun Cheng
Director

Thamesport (London) Limited

Statement of changes in equity for the financial year ended 31 December 2021

	Retained earnings/(Accumulated losses) and total equity £ 000
At 1 January 2021	(3,329)
Profit for the financial year	20
Actuarial gains on defined benefit pension schemes before tax	5,249
Movement on deferred tax relating to pension scheme	(1,062)
Movement on deferred tax relating to change in UK tax rate	438
At 31 December 2021	1,316

	£ 000
At 1 January 2020	(1,187)
Profit for the financial year	291
Actuarial losses on defined benefit pension schemes before tax	(3,254)
Movement on current tax relating to pension scheme	93
Movement on deferred tax relating to pension scheme	525
Movement on deferred tax relating to change in UK tax rate	203
At 31 December 2020	(3,329)

The notes on pages 15 to 36 form an integral part of these financial statements.

Thamesport (London) Limited

Statement of cash flows for the financial year ended 31 December 2021

	Note	2021 £ 000	2020 £ 000
Cash flows from operating activities			
Cash generated from continuing operations	17	1,486	389
Interest paid		(2)	(6)
Income taxes paid		(12)	(8)
Net cash flow generated from operating activities		1,472	375
Net increase in cash and cash equivalents		1,472	375
Cash and cash equivalents at 1 January		(124)	(499)
Cash and cash equivalents at 31 December		1,348	(124)

The notes on pages 15 to 36 form an integral part of these financial statements.

1 General information

The principal activity of the company is the management and operation of London Thamesport and associated services.

The company is a private company limited by shares, incorporated in England and Wales and domiciled in the United Kingdom.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 and International Financial Reporting Standards Interpretations Committee interpretations. The statements have been prepared on a going concern basis and on a historical cost basis.

New and amended standards adopted by the company

The following have been applied for the first time from 1 January 2021 and have not had a significant effect on the financial statements:

Definition of Material - Amendments to IAS 1 and IAS 8; and
Revised Conceptual Framework for Financial Reporting.

New standards, interpretations and amendments not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

Going concern

The company meets its day-to-day working capital requirements through the Hutchison Ports (UK) Limited group banking facilities. The current economic conditions continue to create uncertainty, however, the company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of the current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Inventories

Inventories, which comprise spare parts and consumable stores, are stated at the lower of cost and net realisable value. The cost of inventories is calculated on an average cost basis.

Pension costs

The company operates both defined benefit and defined contribution plans, the assets of which are held in trustee administered funds.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the costs of providing pensions are charged to the Income statement spreading the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who, for accounting purposes, also carry out a valuation of major plans every year. The pension obligations are measured as the present value of the estimated future cash outflows by reference to market yields on high quality corporate bonds, which have terms to maturity approximating the terms of the related liability. Plan assets are measured at fair value. Actuarial gains and losses are recognised in full in the year in which they occur, outside the Income statement, in the Statement of changes in equity.

The defined benefit pension scheme was closed to new entrants on 30 June 2003 and to future accrual on 31 December 2013. Subsequent costs relating to the defined contribution group personal pension plan which replaced the defined benefit pension scheme are expensed as incurred. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the Statement of financial position date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Other receivables

Other receivables are recognised at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation and default in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Income statement within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the Income statement.

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Revenue recognition

Recognition

The company earns revenue from the provision of services attributable to the operation of London Thamesport, and arise wholly within the United Kingdom. Revenue is the total amount receivable by the company in the ordinary course of business for services provided to related parties, net of discounts and rebates, exclusive of Value Added Tax. The company earns revenue from provision of management services to related party entities.

IFRS 15 requires entities to apportion revenue earned from contracts to individual performance obligations based on a stand-alone selling price. The principles in IFRS 15 are applied to revenue recognition criteria using the following 5 step model:

1. identify the contracts with the customer
2. identify the performance obligations in the contract
3. determine the transaction price
4. allocate the transaction price to the performance obligations in the contract
5. recognise revenue when or as the entity satisfies its performance obligations

Performance obligations

Under IFRS 15, revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer, and control either transfers over time or at a point in time. IFRS 15 introduces specific criteria for determining when revenue is recognised.

For revenue generated from the handling and storage of goods imported to, and exported from, the UK, the company's performance obligations can be considered to be separate and individual in nature. Each element of revenue can be identified separately and is selected individually as per the customer's requirements. Individual services are invoiced to the customer following completion of that particular service and there is no obligation on the company to provide subsequent services once each individual service has been completed. All services are considered to be provided at a point in time. This includes revenue recognised from the storage of goods, which is short term in nature and is charged based on a daily rate. The company considers that a separately identifiable performance obligation is created at the completion of each day's storage.

The similar nature of revenues generated by the company results in no requirement to disaggregate revenue, in accordance with IFRS 15.

Transaction price

The consideration which the company expects to receive in exchange for specific services is clearly defined and agreed prior to the service being performed. Such consideration is fixed for most individual services supplied. As a result, there is little ambiguity when allocating prices to such performance obligations within the company/group's transactions with customers. Variable elements of revenue are subject to agreements which are ordinarily co-terminus with the financial year, which reduces the uncertainty over the revenue attributable to the financial year. Any liabilities that may arise as a result of non-performance of obligations are netted against revenue in the period to which such non-performance relates.

Contract assets and receivables

Contract assets are required to be classified as a receivable when the entity's right to consideration is unconditional, when payment is due only on the passage of time. Given that the company/group's performance obligations can be considered to be clearly defined, separate and individual in nature, trade receivables are recognised rather than contract assets.

Contract liabilities

Contract liabilities and customer deposits are recognised in the statement of financial position when the company has received consideration but still has an obligation to deliver products and meet performance obligations for that consideration. In the ordinary course of business no such balances arise due to the timing and nature of the services provided and cash collection from customers.

Practical Expedients

The company applies the practical expedient under para 63 of IFRS 15 that no discounting is applied on the basis that the period between when the entity transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.

The company also applies the practical expedient under para 94 of IFRS 15 in relation to contract costs which is applied on the basis that contractually agreed rates are ordinarily in place for a period of 12 months or less.

Cash and cash equivalents

For the purpose of the Statement of cash flows, the cash and cash equivalents note includes cash in hand, short term deposits and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of financial position.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Foreign currency transactions and balances

The financial statements are presented in GBP, which is the company's functional and presentation currency.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken either to the Income statement or the Statement of comprehensive income depending on the nature of the asset or liability being revalued.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of financial position date.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the company has the right to:

· Obtain substantially all the economic benefits from the use of the underlying asset, and;
· Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS15.

Initial recognition and measurement

The company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the company measures the lease liability by:
(a) Increasing the carrying amount to reflect interest on the lease liability;
(b) Reducing the carrying amount to reflect the lease payments made; and
(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:
(a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
(b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The company then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The company has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases).

The company has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on leases for which the underlying asset is of low value.

Lease payments on short term and low value leases are accounted for on a straight line bases over the term of the lease or other systematic basis if considered more appropriate. Short term and low value lease payments are included in operating expenses in the income statements.

Sub leases

If an underlying asset is re-leased by the company to a third party and the company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Financial instruments

Initial recognition
Financial assets and financial liabilities comprise all assets and liabilities reflected in the statement of financial position, although excluding property, plant and equipment, investment properties, intangible assets, deferred tax assets, prepayments, deferred tax liabilities, inventories, accruals and employee benefits plan.

The company recognises financial assets and financial liabilities in the statement of financial position when, and only when, the company becomes party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value. Financial liabilities are initially recognised at fair value, representing the proceeds received net of premiums, discounts and transaction costs that are directly attributable to the financial liability.

Subsequent to initial measurement, financial assets and financial liabilities are measured at either amortised cost or fair value.

Classification and measurement
Financial instruments are classified at inception into one of the following categories, which then determine the subsequent measurement methodology:

Financial assets are classified into one of the following three categories:
· financial assets at amortised cost;
· financial assets at fair value through other comprehensive income ("FVTOCI"); or
· financial assets at fair value through the profit or loss ("FVTPL").

Financial liabilities are classified into one of the following two categories:
· financial liabilities at amortised cost; or
· financial liabilities at FVTPL.

The classification and the basis for measurement are subject to the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, as detailed below:

Financial assets at amortised cost
A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
· the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If either of the above two criteria is not met, the financial assets are classified and measured at FVTPL.

If a financial asset meets the amortised cost criteria, the company may choose to designate the financial asset at FVTPL. Such an election is irrevocable and applicable only if the FVTPL classification significantly reduces a measurement or recognition inconsistency.

Financial assets at FVTOCI
A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:
· the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
· the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investments that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in other comprehensive income ("OCI"). This election is made on an investment-by-investment basis.

If an equity investment is designated as FVTOCI, all gains and losses, except for dividend income, are recognised in OCI and are not subsequently included in the Income statement.

Financial assets at FVTPL
Financial assets not otherwise classified above are classified and measured as FVTPL.

Financial liabilities at amortised cost
All financial liabilities, other than those classified as financial liabilities at FVTPL, are measured at amortised cost using the effective interest rate method.

Financial liabilities at FVTPL
Financial liabilities not measured at amortised cost are classified and measured at FVTPL. This classification includes derivative liabilities.

Impairment of financial assets

Measurement of Expected Credit Losses ("ECL")

The impairment model is based on expected credit losses and it applies equally to debt instruments measured at amortised cost or FVTOCI, lease receivables, contract assets within the scope of IFRS 15 and certain written loan commitments and financial guarantee contracts.

Expected credit losses (with the exception of purchased or original credit-impaired financial assets) are required to be measured through a loss allowance at an amount equal to: (i) the 12-month expected credit losses or (ii) full lifetime expected credit losses. The latter applies if credit risk has increased significantly since initial recognition of the financial instrument.

Derivative financial instruments
All derivatives in the scope of IFRS 9, including those linked to unquoted equity investments, are measured at fair value. Value changes are recognised in profit or loss unless the entity has elected to apply hedge accounting by designating the derivative as a hedging instrument in an eligible hedging relationship.

The contractual cash flows of the financial asset are assessed in their entirety, and the asset as a whole is measured at FVTPL if the contractual cash flow characteristics test is not passed. Embedded derivatives not closely related to financial liabilities will be accounted for separately at fair value in the case of financial liabilities not designated at FVTPL.

Accounting estimates and assumptions
The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of certain financial assets, liabilities, income and expenses.

The use of estimates and assumptions is principally limited to the determination of provisions for impairment and the valuation of financial instruments as explained in more detail below:

Provisions for impairment
In determining impairment of financial assets, judgement is required in the estimation of the amount and timing of future cash flows as well as an assessment of whether the credit risk on the financial asset has increased significantly since initial recognition and incorporation of forward-looking information in the measurement of ECL.

Fair value of financial assets and liabilities
Where the fair value of financial assets and liabilities cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is derived from observable markets where available, but where this is not feasible, a degree of judgement is required in determining assumptions used in the models. Changes in assumptions used in the models could affect the reported fair value of financial assets and liabilities.

3 Financial risk management and impairment of financial assets

The company's activities expose it to a variety of financial risks: liquidity risk, market risks (including foreign exchange risk, price risk and cash flow interest rate risk) and credit risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

Risk management is carried out by a central treasury department under policies approved by the HPUK group. The group approves written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk and interest rate risk. Hedge accounting is applied where appropriate.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the business, the central treasury department aims to maintain flexibility in funding by keeping committed credit lines available. Accordingly, liquidity risk is monitored at an immediate parent company level.

Foreign exchange risk
The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Hong Kong dollar and the Euro. Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Management has set up a policy to advise group companies to manage their foreign exchange risk against their functional currency. The policy permits the use of forward rate agreements, forward foreign exchange contracts and currency swaps with prior approval. All group companies are reviewed on a regular basis.

Price risk
The company is not exposed to significant price risks.

Cash flow and interest rate risk
As the company has no significant interest bearing assets, the company's income and operating cash flows are substantially independent of changes in market interest rates.

Capital risk management
Capital is managed at a HPUK group level. The group's objectives when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce cost of capital. Accordingly, the details of capital risk management are disclosed in the consolidated financial statements of HPUK.

4 Fair value

Where financial assets or liabilities are measured at fair value they are classified using a fair value hierarchy that reflects the significance of the inputs used in the measurement. The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to the short-term maturities of these assets and liabilities. Where appropriate, the fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

5 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Taxation

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these issues is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Further, the recoverability of deferred tax assets for tax losses is based upon the achievement of future expected profitability, which is inherently uncertain.

Pension assumptions

Contributions to the Maritime Transport Services Limited Retirement and Death Benefit Scheme are determined by a qualified actuary on the basis of an actuarial valuation using the projected unit credit method. Valuations are carried out every three years and the most recent was issued as at 31 December 2019. The assumptions, which have the most significant effect on the results of the valuation, are those relating to the discount rate applied to liabilities and the rates of increase in salaries and pension.

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation and updated by an independent qualified actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at 31 December 2021. The details of the principal actuarial assumptions are given in note 18.

There are no critical judgements made by the directors in applying the company's accounting policies which have a significant impact on the financial statements other than those involving estimates, as disclosed above.

6 Operating profit

Auditors' remuneration

	2021 £ 000	2020 £ 000
Audit of these financial statements	7	7

7 Finance costs

	2021 £ 000	2020 £ 000
Finance costs		
Interest on bank overdrafts and borrowings	(2)	(6)

8 Staff costs and directors' remuneration

The aggregate payroll costs were as follows:

	2021 £ 000	2020 £ 000
Wages and salaries	2,451	2,408
Social security costs	246	225
Other pension costs, defined contribution scheme	247	245
Other pension costs, defined benefit scheme	186	187
	3,130	3,065

The monthly average number of persons employed by the company during the year was as follows:

	2021 No.	2020 No.
Port operations	60	60
Administration	2	2
	62	62

Key management compensation

The emoluments of key management are paid by another group company which makes no recharge to the company. Key management form the executive board of the group and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of key management. Their total emoluments are included in the aggregate of key management disclosed in the financial statements of the group.

Directors' remuneration

All directors received their remuneration primarily in respect of services provided to other group companies and as a result their respective remuneration details are reflected in the financial statements of those companies.

9 Income tax expense

Tax charged in the Income statement

	2021 £ 000	2020 £ 000
Current taxation		
UK corporation tax	11	105
Deferred taxation		
Arising from origination and reversal of temporary differences	94	-
Arising from changes in tax rates and laws	375	104
Total deferred taxation	469	104
Tax expense in the Income statement	480	209

The tax assessed on the profit on ordinary activities for the financial year is higher (2020: higher) than the average standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are reconciled below:

	2021 £ 000	2020 £ 000
Profit before tax	500	500
Profit before tax at 19% (2020: 19%)	95	95
Effect of expense not deductible in determining taxable profit	10	10
Deferred tax charge relating to changes in tax rates or laws	375	104
Total tax charge	480	209

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the financial year ended 31 December 2021

10 Inventories

	2021 £ 000	2020 £ 000
Spare parts and consumables	98	148

Inventories recognised as an expense during the year ended 31 December 2021 amounted to £371,000 (2020: £292,000). Inventories are stated after provision for impairment of £68,000 (2020: £108,000)

11 Other receivables

	2021 £ 000	2020 £ 000
Amounts owed by group undertakings	3,342	5,246
Prepayments	129	139
Other receivables	535	77
Total other receivables	4,006	5,462

Amounts owed by group undertakings are denominated in GBP, unsecured, interest free and repayable on demand. The fair values of other receivables are assumed to approximate their fair values due to their short-term nature.

12 Loans and borrowings

	2021 £ 000	2020 £ 000
Cash at bank and on hand	1,348	-
Bank overdrafts	-	(124)
Cash and cash equivalents in statement of cash flows	1,348	(124)

13 Trade and other payables

	2021 £ 000	2020 £ 000
Trade payables	1,724	287
Amounts owed to group undertakings	12	1,206
Social security and other taxes	91	75
Accrued expenses	448	571
Other payables	132	294
	2,407	2,433

Amounts owed to group undertakings are denominated in GBP, unsecured, interest free and repayable on demand.

Thamesport (London) Limited

Notes to the financial statements for the financial year ended 31 December 2021

14 Deferred tax assets

	2021	2020
	£ 000	**£ 000**
Deferred tax asset - pension scheme		
At 1 January	1,490	868
Charged to Income statement	(94)	-
Re-measurement of deferred tax asset	(380)	(106)
(Charged)/Credited directly to equity in respect of:		
Movement on deferred tax relating to pension scheme	(1,062)	525
Re-measurement of deferred tax asset	438	203
At 31 December	392	1,490

	2021	2020
	£ 000	**£ 000**
Deferred tax asset - other timing differences		
At 1 January	15	13
Re-measurement of deferred tax asset	5	2
At 31 December	20	15

The directors consider that it is more likely than not that there will be sufficient taxable profits in the future such as to realise the deferred tax asset and therefore the asset has been recognised in these financial statements.

	2021	2020
	£ 000	**£ 000**
Deferred tax assets to be recovered:		
After more than 12 months	353	1,341
Within 12 months	59	164
	412	1,505

15 Share capital

	2021	2020
	£	£
Allotted, issued, called up and fully paid share capital		
2 (2020: 2) ordinary shares of £1 each	2	2

The ordinary shares have voting rights with no restrictions and are not limited in respect of participation in any dividend or capital distribution.

16 Retained Earnings/(Accumulated losses)

	£ 000
At 1 January 2021	(3,329)
Profit for the financial year	20
Actuarial gains on defined benefit pension schemes before tax	5,249
Movement on deferred tax relating to pension scheme	(1,062)
Movement on deferred tax relating to change in UK tax rate	438
At 31 December 2021	1,316

	£ 000
At 1 January 2020	(1,187)
Profit for the financial year	291
Actuarial losses on defined benefit pension schemes before tax	(3,254)
Movement on current tax relating to pension scheme	93
Movement on deferred tax relating to pension scheme	525
Movement on deferred tax relating to change in UK tax rate	203
At 31 December 2020	(3,329)

17 Cash generated from continuing operations

	Note	2021 £ 000	2020 £ 000
Profit for the financial year		20	291
Adjustments to cash flows from non-cash items			
Finance costs	7	2	6
Current tax expense	9	480	209
		502	506
Working capital adjustments			
Decrease in inventories	10	50	131
(Increase)/decrease in other receivables	11	(448)	80
Increase in trade and other payables	13	1,168	243
Decrease in retirement benefit obligation net of actuarial changes		(496)	(489)
Decrease in amounts owed by group undertakings		1,904	345
Decrease in amounts owed to group undertakings		(1,194)	(427)
Cash generated from continuing operations		1,486	389

18 Retirement benefit obligations

Pension benefits are provided to employees through a defined benefit pension scheme, which was closed to new members on 30 June 2003 and to future accrual on 31 December 2013, and through a defined contribution group personal pension plan which replaced it for new entrants from 1 July 2003. Both schemes are funded by the company and its employees.

Defined benefit pension scheme

The Maritime Transport Services Limited Retirement and Death Benefits Scheme

The fund is separately administered by trustees. The pension cost and related provision are assessed in accordance with the advice of a professionally qualified actuary.

Notes to the financial statements for the financial year ended 31 December 2021

An actuarial valuation of the scheme was carried out as at 31 December 2019 the conclusion of which was that the market value of the scheme's assets was £28,411,000 and an actuarial deficit of £5,817,000 existed. The following assumptions were used:

	Non-Pensioner
Pre-retirement discount rate	3.80%
Post-retirement discount rate	1.90%
Inflation (RPI): Pre Retirement	3.20%
Inflation (RPI): Post Retirement	3.20%
Inflation (CPI): Pre Retirement	2.20%
Inflation (CPI): Post Retirement	2.20%
Pension increases:	
- CPI capped at 3%	2.00%
- RPI capped at 2.5%	2.20%
- RPI capped at 5%	3.10%
- RPI capped at 5% with minimum 3%	3.60%
Deferred revaluation	2.20%

In order to eliminate the deficit, the company has agreed to pay the following contributions from the date of the recovery plan until 31 December 2026:

Year ending 31 December	**£ 000**
2021	556
2022	585
2023	614
2024	643
2025	672
2026	701

A contribution of £556,000 (2020: £536,000) was paid by the company during the financial year to 31 December 2021 in accordance with the Recovery Plan in force during that period.

The valuation used for IAS 19 disclosures has been based on the most recent actuarial valuation undertaken as at 31 December 2019 and updated by an independent qualified actuary to take account of the requirements of IAS 19 in order to assess the liabilities of the scheme as at 31 December 2021. Scheme assets are stated at their bid value at 31 December 2021.

Contributions payable to the pension scheme at the end of the year are £nil (2020: £nil).

The expected contributions to the plan for the next financial year are £585,000.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the Statement of financial position are as follows:

	2021 £ 000	2020 £ 000
Fair value of scheme assets	33,134	30,543
Present value of scheme liabilities	(35,264)	(38,418)
Defined benefit pension scheme deficit	(2,130)	(7,875)

Scheme assets

Changes in the fair value of scheme assets are as follows:

	2021 £ 000	2020 £ 000
Fair value at start of financial year	30,543	28,374
Interest income	427	580
Return on plan assets, excluding amounts included in interest income	2,582	1,664
Employer contributions	682	676
Benefits paid	(698)	(567)
Net transfer out liability	(322)	(97)
Administrative expenses paid	(80)	(87)
Fair value at end of financial year	33,134	30,543

Analysis of assets

The major categories of scheme assets are as follows:

	2021 £ 000	2020 £ 000
Cash and cash equivalents	2,507	2,656
Equity instruments	18,835	16,273
Debt instruments	11,792	11,614
	33,134	30,543

All cash and cash equivalents, equity instruments and debt instruments have a quoted market price.

Actual return on scheme's assets

	2021 £ 000	2020 £ 000
Actual return on scheme assets	3,009	2,244

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Scheme liabilities

Changes in the present value of scheme liabilities are as follows:

	2021 £ 000	2020 £ 000
Present value at start of financial year	38,418	33,484
Actuarial gains arising from changes in demographic assumptions	(92)	(553)
Actuarial (gains)/losses arising from changes in financial assumptions	(2,467)	5,963
Actuarial gains arising from experience adjustments	(108)	(492)
Interest cost	533	680
Benefits paid	(698)	(567)
Net transfer out liability	(322)	(97)
Present value at end of financial year	35,264	38,418

Weighted average duration of the defined benefit obligation is 19 years (2020: 20 years).

Principal actuarial assumptions

The principal actuarial assumptions at the Statement of financial position date are as follows:

	2021 %	2020 %
Allowance for increases to pensions in payment - pre 6 April 2006	2.75	2.35
Allowance for increases to pensions in payment - post 6 April 2006	2.00	1.85
Discount rate	1.95	1.40
Inflation CPI	2.70	2.35
Inflation RPI	3.30	2.90

Post retirement mortality assumptions

	2021 Years	2020 Years
Current UK pensioners at age 65 - male	18.60	18.60
Current UK pensioners at age 65 - female	22.00	21.90

Amounts recognised in the Income statement

	2021 £ 000	2020 £ 000
Amounts recognised in operating profit		
Administrative expenses paid	80	87
Net interest	106	100
Total recognised in the Income statement	186	187

Amounts recognised in the Statement of comprehensive income

	2021 £ 000	2020 £ 000
Actuarial gains arising from changes in demographic assumptions	92	553
Actuarial gains/(losses) arising from changes in financial assumptions	2,467	(5,963)
Actuarial gains arising from experience adjustments	108	492
Return on plan assets, excluding amounts included in interest income	2,582	1,664
Amounts recognised in the Statement of comprehensive income	5,249	(3,254)

Sensitivity analysis

A sensitivity analysis for the principal assumptions used to measure scheme liabilities is set out below:

		Impact on defined benefit obligation	
	Change in assumption	Increase in assumption	Decrease in assumption
Expressed as %			
Discount rate	0.25%	decrease by 4.56%	increase by 4.85%
Inflation - RPI	0.25%	increase by 2.34%	decrease by 2.15%
Life expectancy	1 Year	increase by 5.56%	-
Expressed as £ 000			
Discount rate	0.25%	decrease by 1,591	increase by 1,694
Inflation - RPI	0.25%	increase by 816	decrease by 751
Life expectancy	1 Year	increase by 1,941	-

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the Statement of financial position.

Maturity analysis of benefit payments

	1-5 years £ 000	6-10 years £ 000	11-15 years £ 000	16-20 years £ 000	Over 20 years £ 000	Total £ 000
2021	4,197	5,458	6,437	6,895	25,482	48,469
2020	3,943	5,238	6,276	6,892	26,344	48,693

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the financial year represents contributions payable by the company to the scheme and amounted to £247,000 (2020: £245,000).

Contributions totalling £22,000 (2020: £19,000) were payable to the scheme at the end of the financial year and are included in trade and other payables.

19 Parent and ultimate parent undertaking

Maritime Transport Services Limited, a company registered in England and Wales, is the immediate parent of the company and owns 100% of the shares and voting rights.

MTS (Holdings) Limited, a company registered in England and Wales, is the smallest group to consolidate the financial statements of the company.

Copies of the MTS (Holdings) Limited financial statements may be obtained from the Company Secretary, Tomline House, The Dock, Felixstowe, Suffolk, IP11 3SY.

CK Hutchison Holdings Limited ("CKHH"), a company incorporated in the Cayman Islands and listed in Hong Kong is the ultimate parent of the company and the largest group to consolidate these financial statements.

Copies of the annual financial statements of CKHH may be obtained from the Company Secretary, 48th Floor, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

20 Related party transactions

Parent company

During the financial year, the company received £7,658,000 (2020: £6,985,000) in respect of port usage services provided to Maritime Transport Services Limited.

Fellow subsidiary

The company incurred fees based on usage of equipment from The Felixstowe Dock and Railway Company, a fellow subsidiary undertaking of Hutchison Ports (UK) Limited, of £79,000 (2020: £129,000). There was an outstanding balance of £8,000 as at 31 December 2021 (2020: £nil).

During the financial year, the company received services worth £12,000 (2020: £10,000) from Maritime Cargo Processing plc. Hutchison Ports (UK) Limited has an investment in Maritime Cargo Processing plc. An outstanding balance of £5,000 (2020: £1,000) is included as a trade creditor as at 31 December 2021.